

**Shasta-Trinity National Recreation Area
Recreation Occupancy Vessels (ROV)
Fee Appraisal
Frequently Asked Questions (FAQ)**

Question: Why is there a permit fee?

Answer: Title 36 of the Code of Federal Regulations (CFR) requires payment of a fee for a special use permit. A special use permit authorizes the use of privately owned overnight vessels in the National Recreation Area. The National Recreation Area (NRA) Management Plan, supported by Forest Supervisor Order (regulation), requires a permit for any vessel that meets the definition of a Recreation Occupancy Vessel (ROV) and is used or stored on Shasta or Trinity Lake. That is, the fee is for the permit and the permit authorizes your privilege to use or store an ROV on Shasta or Trinity Lake.

Question: Where do these fees go?

Answer: As authorized by the Recreation Enhancement Act, 95% of the fees remain here in the National Recreation Area on the Shasta-Trinity National Forest.

Question: What qualifications does the appraiser have to perform this appraisal?

Answer: Lance Dore is a California Certified General Real Estate Appraiser (Certificate No. A6002464). He is also a member of the Appraisal Institute (MAI). He has successfully completed many examinations given by the American Institute of Real Estate Appraisers. Lance Dore has completed a broad range of analysis and appraisal assignments and his clients have included private investors, development companies, financial institutions and government agencies. Lance Dore is a national expert on the evaluation of water amenities, submerged lands and other complex property rights.

Question: What other federal waters require houseboat permits and, how did they determine the fee?

Answer: Our surveys in 1998 found 34 other lakes or waterways in the United States that allow private houseboat use, with 19 of these being federal. Most of these areas restricted use in some way. In areas that were managed by moorage, fees for use of the facilities were often double and triple what users on Shasta and Trinity paid. Determination of fee varies widely with consideration of a multitude of factors including agency regulations, local laws and policy, and variations in size and complexity of the area.

Question: What were the results of the previous appraisal?

Answer: The 1998 appraisal was \$4,500 for Shasta Lake and \$3,150 for Trinity Lake.

Question: What are the results of the current appraisal and what method will be used to determine the new fee?

Answer: The results of the appraisal indicate that the value of the authorized use is \$9,000 on Shasta Lake, and \$6,300 on Trinity Lake. The new fee is based on five percent (5%) of the appraised market value to align with Forest Service policy as stated in FSH 2709.11, Chapter 30, Section 31.1, Item b. *"...Fees based on this method are determined by using a percentage of the appraised value. This percentage rate shall be not less than 5 percent unless a different rate is clearly supported by current market data."*

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Question: Why is the percentage applied to the 1998 appraisal different than the percentage being used in the 2010 appraisal? And, who will determine the final fee?

Answer: The percentage applied to the 1998 appraisal was 5.5%; the percentage applied to the 2010 appraisal is 5%. Federal regulations require the Forest Service fee to be based on fair market value of the rights and privileges authorized, as determined by appraisal or other sound business management practice. (36 CFR 251.57). We determined that the 1999 (mid-year) 30-year bond rate of 5.5% (which was unchanged from the 1998 bond rate) represented fair market value. The mid-year rate is what was available to us at the time.

Forest Service policy provides that the authorized officer is responsible for establishing a fee based on the market value of each use. The 2010 appraisal/market survey will now serve as the basis for the new fee determination.

Question: Will the permit fee increase annually and by what percentage?

Answer: Yes, the permit fee will increase annually as directed by policy. The increase will be based on the Implicit Price Deflator-Gross National Product (IDP-GNP) as reported by the Bureau of Economic Analysis, Department of Commerce, in July of each year, in order to keep the fee current. This is an index factor by which the prior year annual use fee is multiplied. At the time of the next fee review in five years, the fee increase will be less because this office will be implementing the IPD in the intervening years.

Question: Where can I get a copy of the Forest Service policy on indexing?

Answer: Here are internet links to FS manual and handbooks. Hard copies can be made available upon request.

The main page for all manuals and handbooks available to the public:
<http://www.fs.fed.us/im/directives/>

Manual and handbook from the Washington Office:

FSM 2700
http://www.fs.fed.us/cgi-bin/Directives/get_dirs/fsm?2700!..

FSH 2709.11
http://www.fs.fed.us/cgi-bin/Directives/get_dirs/fsh?2709.11!..

Question: Will each ROV owner pay the same amount?

Answer: All ROV owners on Shasta Lake will pay \$450 and all ROV owners on Trinity Lake will pay \$315.

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Question: Isn't the government "double-dipping" by collecting a portion of the moorage fees from the marinas as well as collecting a permit fee from the houseboaters?

Answer: No. The fees permit holders pay to the marinas for moorage is for the "rental" of a moorage facility (like a "parking space") and the services that facility provides; e.g. moving the docks during lake fluctuations, security, etc. The fee you pay for your permit is for the "use" of public lands while operating and maintaining a private overnight vessel. To further respond to a related question, the Forest Service does collect a relatively small percentage of the moorage fees from the marinas. These fees however reflect a percentage of all revenues/sales at the marina, generated by all users, not just ROV owners. This fee is due from the marina operator for the privilege of using public lands for commercial use.

Question: What lakes with privately owned houseboat use where permits are required were surveyed for the 2009 appraisal?

Answer: The appraisers surveyed more than 30 lakes in the western United States and found only one that charged a fee and also utilized a permit system. This was Don Pedro Reservoir in the Central Valley area of California. Lake Oroville also allows private houseboat use, but it requires an annual boat sticker for all types of boats, including houseboats.

Question: Why are houseboat owners being singled out to pay the fees? What about all other users of the lakes?

Answer: Back in the 1970's an Environmental Impact Statement (EIS) was done and it was determined that overnight boats on Shasta and Trinity Lakes should be limited and therefore issued a special use permit. The reasons cited in the EIS include: Overnight boats could become a dominant use if not regulated; desire to "balance" all uses; protection of the resource.

Question: Why are houseboats fewer than 31 feet exempt from requiring a permit and don't have to pay this fee?

Answer: In 2004 and 2005 a focused review of the definition recognized a long standing difficulty with interpreting consistently the definition of a ROV, which was based on amenities (e.g. walls, beds, stoves, refrigerators) on the vessel. The "design" definition was difficult due to the subjectivity involved and the dynamic nature of boat designs in general. The review and analysis, including extensive surveys of vessels and input from the public, resulted in the development of an updated ROV definition that focused solely on size, excluding any amenity requirements. ROVs are now defined as: any watercraft that is greater than 31 feet in overall length and/or greater than 12 feet in width. The decision on the size (31' x 12') was a direct result of the surveys conducted. These surveys clearly demonstrated that boats over 31 feet had the amenities that fit the intent of the special use permit, which in part, includes limiting capacities of "larger" boats designed for extended overnight use. We realize there may be exceptions; however, this fits the majority of the vessels.

Question: Will there be a senior or disability discount?

Answer: No, there are no provisions in the law or within our authority to provide a senior or disability discount for special use authorizations.

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Question: Is this decision subject to appeal?

Answer: Yes. This decision is subject to appeal pursuant to 36 Code of Federal Register (CFR) 251.82 Appealable Decisions. The appeal rights are given when the decision is implemented by the District Ranger. This is done concurrently when the Bill for Collection for the ROV annual use fee is issued reflecting the new fee implementation. However, disputed fees must be paid in full regardless of appeal status. If appropriate, fee adjustments will be made after the appeal decision (FSH 2709.11, 32.51).

Question: How long do I have to appeal and what is the appeal process?

Answer: The appeal period is 45 days from the date of implementation (date of the bill for collection). Notice of appeal must be postmarked or received by the Appeal Reviewing Officer within 45 days of the date of implementation. A letter outlining the requirements for appeal will be included with your bill of collection.

Question: Can the fees be phased in over a certain time period?

Answer: It does not appear that we have the authority to phase in these fees. Kristy Cottini, District Ranger, sent a request for an answer to this question to the Washington Office but has not received a response. When she does, she will share that information with permit holders. However, once you have received the bill we can approve three installment payments if requested from in writing. The payments will be due on January 1, 2011; March 1, 2011, and June 1, 2011. These requests should be addressed to the Shasta-Trinity National Recreation Area District Ranger, Kristy Cottini.

Question: What are some of the Forest Service projects on Shasta and Trinity Lakes that are being funded under the Recreation Enhancement Act (REA)?

Answer: The Forest Service is able to retain fees from a variety of recreation-related permitted and fee uses, including campgrounds, marinas and ROVs. Some of the projects completed on Shasta and Trinity lakes using REA funding include:

- The lake obstacle marker program.
- Boat ramp improvements.
- Lake cleanup projects on both Shasta and Trinity lakes.
- Hiring employees to monitor houseboats and administer the ROV program.
- Providing environmental education.
- Maintaining recreational facilities such as floating toilets, etc.
- Purchasing lake maps that get distributed to the public.

The Forest Service will welcome ideas from permit holders for other projects. One of the projects requested by ROV permit holders in the past was floating directional signs, which have been purchased but not yet installed.

Question: What is the start and end date of the new fee?

Answer: The new fee will be implemented with this billing cycle for the 2011 annual use fee and will end at the time of the next fee review which is slated for five years from now.

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Question: Did you consider that the Forest Service places no value on the ROV permit?

Answer: The permits states that it has no monetary value. The value is not for the permit, it is for the use and occupancy of a houseboat on the lake.

Question: Why was Shasta Lake reviewed and not Trinity Lake?

Answer: There are area and regional descriptions for both Shasta and Trinity lakes, but there is much less market information and other related data available for Trinity Lake because it is a less traveled corridor. There is much more information available pertaining to Shasta Lake.

Question: How is the Don Pedro reservoir permit fee determined?

Answer: The appraiser is uncertain of how the fee at Don Pedro was determined, but they are often determined by policy. He is aware of similar governmental programs that have “water fees” which are fees charged for submerged lands based on related policy. Supply and demand factors also influence fee rates.

Question: How many brokers were considered in the Trinity Lake area?

Answer: All brokers in the Trinity Lake area were considered.

Question: Why wasn’t the one permit value of \$5,000.00 used on Trinity Lake?

Answer: There must be more than one comparable for analyses like these to determine permit values. Bracketing must be used in these situations where there is a sample size of one, and the Trinity Lake fee of \$6300.00 is just slightly higher than the \$5000.00 at the low end of the valuations. Location, lake amenities and attributes must also be considered.

Question: How did the appraiser arrive at the adjustment factors?

Answer: Determining the adjustment factor requires a blending of art and science. The results must reflect market concerns and incorporate and weigh various factors such as services in the area, weather, seasonal accessibility and lake levels. These factors influence the market value.

Question: Did the appraiser consider current values of house boats?

Answer: Sales data from 2009 was used.

Question: Why does Shasta County place value on the permit by taxing it as personal property?

Answer: Yes, possessory interest tax is a common county tax. It is not the responsibility of the Forest Service to determine how these are computed.

Question: Why didn’t we get data from other regions of the Forest Service that have recreation areas?

Answer: This is the only place in the nation that the Forest Service has permitted house boats.

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Question: Will the same appraisal methodology be used in five years?

Answer: The assumption is it that the methodology will not change. The Region 5 Senior Appraiser is not aware of any new policy forthcoming or of any lakes with conditions similar to Shasta and Trinity lakes.

Question: How much did the Forest Service pay for the appraisal?

Answer: The cost for the appraisal was \$23,500.00. In compliance with Forest Service policy, this project was sent out for bid. The Forest Service received three bids and Lance Dore's was the lowest.

Question: How many hours did Lance work on the project?

Answer: It was a 3 to 4 month process.

Question: With the purchase of a houseboat, does the Department of Motor Vehicles (DMV) remove the permit value (\$9,000) of the bill?

Answer: The Forest Service is not affiliated with the DMV. You will need to contact the DMV directly.

Question: Did the Forest Service also increase the marina fees?

Answer: All Forest Service fees are dictated by law. Houseboat permits are subject to a completely different fee process and fee calculation process than marinas, and these processes are not comparable.

Question: What percentage of the moorage fees is paid to the Forest Service?

Answer: The percentage of moorage fees is a complex calculation, and not a direct percentage. The marina fees are calculated based upon a combination of factors including the value of the Gross Fixed Assets, property, etc. Moorage receipts are a small piece of the equation, but the percentage from gross sales is approximately 1% to 3%.

Question: Why are Shasta and Trinity Lakes singled out for the ROV permits at this time?

Answer: This is a very unique system, which has a high demand for use. It is one of few premiere ROV lakes in the world. The permit system allows ROV capacity to be controlled. The decision to implement fees for the use was part of a larger NEPA decision to allow ROVs on the two lakes. Other lakes that do not have a permit system in place have other ways to control capacity such as fee systems where moorage fees are the limiting factor.

Question: How are the low lake levels incorporated into the appraisal/permit fees?

Answer: There are many issues that factor in to an appraisal of this complexity. These can be classified as macro and micro issues. Permit values will not go down dramatically at any one time because of one particular issue. The varying lake levels were factored into the appraisal and were included in the analysis.

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Question: With inconsistency in the fee process, will the USFS look at standardizing the fee process?

Answer: This appraisal is based on fair market value and it is used to determine the fee. Other uses have other processes to determine fees. Marinas and Outfitter and Guides have other methods to compute their fees.